

REMARKS

Reconsideration of this Application is respectfully requested.

Upon entry of the foregoing amendment, claims 1-20 are pending in the application, with 1, 8, 15, and 20 being the independent claims. Claims 1 and 20 are sought to be amended to comply with the Examiner's requests made to the Applicants during a telephone interview on January 16, 2004. Specifically, the Examiner requested that the Applicants more clearly point out the technical use of a computer system for performing steps in the claimed methods. The amendments are supported by the claims as originally filed, and the specification at pages 14-16, specifically:

"A hedge creation process 80 sends 82 the portfolio to another trusted process in the computer 11 or to another computer having a trusted process. In any event, the trusted process extracts 82 factor information from the portfolio and applies 84 factor analysis to the extracted portfolio information." (page 14, lines 21-25)

"Factor analysis ... can be used to analyze how various factors have an effect on pricing of the underlying portfolio." (page 14, line 26 – page 15, line 18)

"The process 80 constructs 86 a factor weighted portfolio by selection and weighting those 100 instruments based on results of applying 86 factor analysis. Ideally, the factor-based portfolio would be virtually identical in market performance to the exchange traded fund. The performance expectation would be based on historic relationships, as analyzed by the factor model." (page 16, lines 3-9)

"...the hedging portfolio should track the exchange traded fund portfolio closely enough over the course of a trading day or even a long period of time to protect the trader from major losses." (page 16, lines 18-21)

These changes are believed to introduce no new matter, and their entry is respectfully requested. Based on the above amendment and the following Remarks, Applicants respectfully

request that the Examiner reconsider all outstanding objections and rejections and that they be withdrawn.

Interview Summary

The Applicants thank the Examiner for taking the time on January 16, 2004, to discuss the issues in this application. During the interview, the Examiner emphasized the rejection under 35 U.S.C. § 101, and encouraged the Applicants to amend the claims accordingly. The Examiner agreed to consider the present amendment and to schedule another interview to discuss whether the present amendment adequately addresses the rejection.

During the interview, the Applicants explained the nature of the invention and the problems it solved, and why the cited prior art does not anticipate the claims or render them obvious. The Applicants informed the Examiner that the purpose of the invention defined by the claims was to develop models for actively managed funds that behave in a similar way to the funds over the course of a trading day. The Examiner agreed to reconsider her rejections over the prior art in view of this explanation of the invention.

The Applicants further thank the Examiner for taking the time on January 27, 2004, to discuss the present amendment, previously submitted in draft form. The Examiner noted that this amendment specifically pointed out the usage of a computer in particular steps of the claim, and encouraged the Applicants to file it. The Examiner agreed to reconsider her rejections under section 101 in view of this amendment.

Rejections Under 35 U.S.C. § 101

The Examiner rejected claims 1-4, 6, 7, and 20 under 35 U.S.C. § 101 for allegedly failing to “recite technology, i.e. computer implementation or any other technology.” (Paper No. 5). The Applicants disagree that the rejected claims fail to recite statutory subject matter without explicit reference to a computer. Nevertheless, in order to expedite prosecution of this application, claims 1 and 20 have been amended to accommodate the Examiner’s requirement that the claim recite “computer implementation.” The Applicants submit that this rejection should be withdrawn.

Rejections Under 35 U.S.C. § 103

The Applicants respectfully submit that the rejections under 35 U.S.C. § 103 have been adequately addressed in their December 30, 2003 filing.

Conclusion

All of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicants therefore respectfully request that the Examiner reconsider all presently outstanding objections and rejections and that they be withdrawn.

Applicants believe that a full and complete response has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone Michael Stimson at (202) 383-6906.

Prompt and favorable consideration of this Amendment is respectfully requested.

Respectfully submitted,



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